

May 26, 1961

LB 12, 435, 460

CLERK: ....to Senator Howard Peterson regarding LB 12, and Senator Landis would like to print amendments to LB 435 in the Journal, Mr. President. (See pages 2255 through 2258 of the Legislative Journal.)

Mr. President, LB 460 was introduced by the Retirement Committee. (Read title.) The bill was first read on January 20, referred to Banking, Commerce and Insurance. The bill was advanced to General File. I have no amendments on the bill, Mr. President.

PRESIDENT: All right, the Speaker asked for all the chairpersons to meet with him in his office while we are taking up LB 460. The Chair recognizes Senator Fowler then for purposes of discussing the bill. LB 460.

SENATOR FOWLER: Mr. President, this is a fairly far-reaching and significant bill that changes the manner in which the State of Nebraska invests its fund giving broad discretion to the State Investment Officer and removing statutory authority. It was requested by the State Investment Officer, introduced by the Retirement Committee, sent to the Banking Committee for their expertise on this subject. I lay the matter in the hands of Senator DeCamp to explain the merits or deficits of this proposal.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature, very briefly and very simply this adopts for the hundreds of millions of dollars that the State Investment Officer has control of, something called the Prudent Man Rule in the investment of these funds. As you know, tens of millions, maybe hundreds, I don't know how much at this time, have been lost in the principal value of the funds and the primary excuse, and it's accurate, that has been given is because there is no flexibility in the statutes that date back to when this thing was formed for adjusting to times of inflation and the realities of the world we live in today, and, therefore, the funds have been put into things that just guarantee they are going to be in trouble. There has been no flexibility. Very simply, it adopts the Prudent Man Rule. I urge the advancement of the bill.

PRESIDENT: Okay, Senator Fowler. Senator Fowler, anything additional? That will....Senator DeCamp, does that consist of the opening and the closing on this then, because I don't see Senator Fowler. Senator Beutler, did you wish to discuss the....?